

# Smartlink US Dollar Managed Fund

## March 2017



BLOOMBERG: AZUSMGD:IJ

### INVESTMENT OBJECTIVE

The objective of the fund is to provide relatively stable income with capital preservation for the long term in U.S. Dollars.

### INVESTMENT STRATEGY

To achieve the investment objective, this fund shall be invested 0-20% in short-term instruments (such as deposits), and 80-100% in the medium-or long-term instruments (such as government bonds, corporate bonds, and / or fixed-income funds), in U.S. Dollars.

### PERFORMANCE INDICATOR

#### Return Performance

|                    |                       |
|--------------------|-----------------------|
| Last 1-year Period | <b>5.45%</b>          |
| Best Month         | <b>9.61%</b> Dec-08   |
| Worst Month        | <b>-10.66%</b> Oct-08 |

#### Portfolio Breakdown

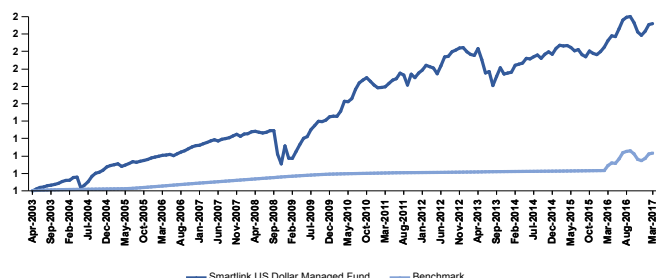
|                    |               |         |              |
|--------------------|---------------|---------|--------------|
| Treasury Bonds     | <b>71.74%</b> | RI-2024 | <b>5.85%</b> |
| Govt. Related Bond | <b>9.49%</b>  | RI-2021 | <b>4.40%</b> |
| Cash/Deposit       | <b>18.77%</b> | RI-2026 | <b>4.39%</b> |
|                    |               | RI-2038 | <b>4.27%</b> |
|                    |               | RI-2044 | <b>3.97%</b> |

|                                  | 1 Month      | 3 Months     | 6 Months      | 1 Year       | 3 Years       | YTD          | Since Inception |
|----------------------------------|--------------|--------------|---------------|--------------|---------------|--------------|-----------------|
| Smartlink US Dollar Managed Fund | <b>0.29%</b> | <b>3.70%</b> | <b>-2.13%</b> | <b>5.45%</b> | <b>14.14%</b> | <b>3.70%</b> | <b>104.35%</b>  |
| Benchmark*                       | <b>0.41%</b> | <b>3.92%</b> | <b>-1.16%</b> | <b>6.70%</b> | <b>10.21%</b> | <b>3.92%</b> | <b>23.45%</b>   |

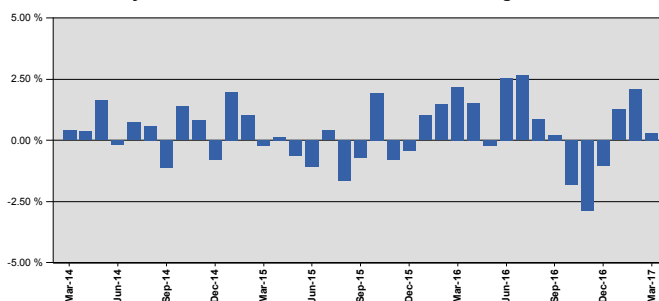
\*80% Bloomberg USD Emerging Market Indonesia Sovereign (BEMSID) Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)

(Benchmark assessment; before Mar 2016: Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)

Unit Price Curve of Smartlink US Dollar Managed Fund (Since Inception)



Monthly Performance of Smartlink US Dollar Managed Fund



### KEY FUND FACTS

|                        |                                      |
|------------------------|--------------------------------------|
| Fund Size (in mio USD) | : USD 48.54                          |
| Risk Profile           | : Moderate                           |
| Launch Date            | : 07 Apr 2003                        |
| Fund Currency          | : United States Dollar               |
| Managed by             | : PT Asuransi Allianz Life Indonesia |

|                      |              |              |
|----------------------|--------------|--------------|
| Pricing Frequency    | : Daily      |              |
| Price per Unit       | <i>Bid</i>   | <i>Offer</i> |
| (As of Mar 31, 2017) | : USD 1.9413 | USD 2.0435   |
| Bid-Offer Spread     | : 5.00%      |              |
| Management Fee       | : 1.00% p.a. |              |

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Mar 2017 deflation at -0.02% mom (vs consensus +0.20%, +0.23% in Feb 2017), mostly was caused by lower food ingredients prices also transportation and communication tariff. On yearly basis, inflation was lower to +3.61% YoY (vs consensus +3.80%, +3.83% in Feb 2017). Core inflation printed at +3.30% YoY, lower than previous month at +3.41% YoY. In the Board of Governors' Meeting on 15-16 Mar 2017, Bank Indonesia maintained the 7-day reverse repo rate at 4.75%, also Deposit Facility (DF) at 4.00% and Lending Facility (LF) at 5.50%. Rupiah appreciated by +0.19% to 13,321/USD at end of Mar 2017 as opposed to 13,347/USD previous month. Trade balance booked a surplus of +US\$1.32bn (non-oil and gas surplus USD 2.55bn, oil and gas deficit USD 1.23bn) in Feb 2017. Export rose by +11.16% YoY mostly driven by jewelry exports, while imports rose by +10.61% YoY. FX Reserves rose by USD 1.9bn from USD 119.9bn in Feb 2017 to USD 121.8bn in Mar 2017 on the back of oil and gas export, government foreign loan drawdown also income from foreign currency BI Securities (SBBi).

USD government bond yields closed higher in short and medium tenor while lower in long tenor in Mar 2017 due to negative tone post Yellen hawkish speech. Global sentiment also still on cautious tone amid speculation of deposit rate hike by ECB ahead the ending of its asset purchases program. The US Federal Reserve hiked the fed funds rate 25bp as expected on March 15. News that Japan Credit Rating (JCR) Agency upgrade outlook on Indonesia's rating from stable to positive and the expectation that S&P will upgrade Indonesia to investment grade this year failed to make prices rally further. MoF said that the government plans to raise 45.7% of this year's gross local bond sale in H1, and 59.3% of total bond sales (including foreign currency bonds) over the same period; and the gross issuance target for 2017 is IDR 684.84tn. On Mar 29, the Government issued total USD 3bn Global Sukuk Issuance with USD 1bn in 5yr at 3.4% and USD 2bn in 10yr at 4.15% from total incoming bids of USD 10.84bn. Based on investor type, the 5yr series was distributed to fund managers (43%), banks (40%), sovereign wealth funds/central banks (12%), insurance/pension funds (3%) and private banks (2%). While the 10yr series goes to fund managers (48%), banks (39%), sovereign wealth funds/central banks (8%), insurance/pension funds (4%) and private banks (1%). Indonesia's CDS 5yr level slightly improved from 127/131 to 126/128. The 5Y yield Mar 2017 ended +18bps higher to 3.20% (3.08% in Feb 2017), 10yr tenor ended +2bps higher to 3.88% (3.86% in Feb 2017), and 30yr ended -5bps lower to 4.77% (4.82% in Feb 2017).

In regards to our recent portfolio strategy we maintain duration strategy (below benchmark duration) and will opportunistically add weight again should there be a correction in the fixed income market.